

FISCAL NOTE

HB 2553 - SB 2693

March 5, 1998

SUMMARY OF BILL: Allows for the creation of charter schools in Tennessee. Such schools would be exempt from all statutes, rules and regulations applicable to schools, school boards, and local education agencies. A charter school could be formed by creating a new school or converting an existing school. An existing public school could convert only with the agreement and support of 75% of the full-time teachers and 60% of the parents whose children are enrolled in the school. The bill would allow approval of no more than eight charter school applications per grand division for both academic years 1999-2000 and 2000-2001. At least 75% of the teachers providing instruction in grades K-5 must be licensed teachers and at least 25% of the teachers providing instruction in grades 6-12 must be licensed teachers. No charter agreements could be granted that authorize conversion of any private or home-based school to charter status.

The local board of education would allocate funds to a charter school on the same basis as other schools with similar populations. Funds usually allocated on the basis of actual enrollment in the prior year would be allocated on anticipated enrollment during the first full academic year of a charter school's operation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures:

Dept of Education FY 1998-99 and thereafter - \$77,000 Recurring
\$8,000 One-Time

BEP - FY 1999-2000 and thereafter - Exceeds \$700,000

Increase Local Govt. Expenditures*:

BEP - FY 1999-2000 and thereafter - Exceeds \$350,000

Other Fiscal Impact - Increase Federal Revenues:

FY 1999-2000 and thereafter - Exceeds \$100,000

Estimate assumes:

- Two positions and related expenses in the Department of Education for administrative purposes associated with charter schools.

- A typical charter school will have at least 200 students and at least 10% will come from private schools and/or from home schools.
- At least 15 of a possible 24 schools will be established for academic years 1999-2000 and 2000-2001 and will increase BEP funding for at least 300 students who are not now enrolled in public schools.
- BEP funding for 1997-98 provided an average of approximately \$3,539 per student of which approximately 66% is state funds.
- Tennessee will be eligible to receive federal charter school grants.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director